

- **Twelve of the 23 States and the District of Columbia with residential “customer choice” programs added transportation-only customers.** The increase in transportation customers exceeded the increase in traditional sales customers by more than 40 percent, with some States’ programs (e.g., Georgia, Indiana, Kentucky, New York, and Ohio) recording remarkable gains. Georgia had the largest number of transportation-only residential customers, at 1,430,673, and the highest participation rate at 82 percent.
- **The number of transportation-only commercial customers actually increased, by 50,720,** even though natural gas deliveries for these customers declined by almost 10 percent in 2001.

The Largest Sector for Natural Gas Usage, Industrial, Fell More Than 9 Percent in Volume Used

- **Industrial use of natural gas declined by 779 Bcf (9.6 percent) from 2000 to 2001, reflecting a weak national economy and high natural gas prices (Figure 3).** Illustrative of the weak economy, the value of all shipments from the manufacturing sector dropped by 5.7 percent in 2001 after a decade of steady growth. At the same time, natural gas consumption in the industrial sector dropped by a greater relative amount, 9.6 percent. Higher prices for natural gas have been cited as the reason for the decline in industrial usage of natural gas. Some gas suppliers reported that paper mills, glass plants, steel mills and other manufactur-

ing establishments that utilize natural gas shut down in 2001 because of high gas prices. Industries that use natural gas as a feedstock, rather than for process heat, cannot switch to other fuels but instead must reduce activity or shut down altogether. The second largest single component of the manufacturing sector usage of natural gas is the fertilizer industry (http://www.eia.doe.gov/emeu/mecs/mecs98/datatables/d98n1_1.pdf), which makes nitrogen fertilizer from natural gas. Thus the price of fertilizer is very sensitive to natural gas price changes. Owing to high costs of natural gas, 40 percent of fertilizer production capacity in the country was shut down at the start of the year 2001.

Natural Gas Consumption for Electric Power Generation Continued to Increase

- **In 2001, natural gas consumed in the electric power sector grew 82 Bcf to 5.29 trillion cubic feet (Tcf), or 1.6 percent over 2000 (Figure 4).** Natural gas consumption for electric power generation in 2001 grew despite a slight decrease in net generation of electricity, demand for which was lower owing to an economic slowdown as well as generally mild weather throughout the year. Increased natural gas consumption despite lower power generation overall reflects the relative cost and environmental advantages of gas-fired generation. Since 1997, the volume of natural gas consumed in this sector has grown approximately 30 percent. The sustained growth makes the electric power sector the fastest-growing sector of natural gas consumption.

Figure 4. Electric Power Sector and Total Consumption of Natural Gas

